

December 04, 2020

## **System glitches keep 1.7mln taxpayers from filing returns**

KARACHI: At least 1.7 million taxpayers have yet to file returns in next five days to meet the filing deadline, while perennial problems, including calculation errors, in the Federal Board of Revenue's (FBR) system are distancing the possibility with each passing day, tax professionals said on Thursday.

Tax experts said a large number of taxpayers could not file their returns due calculation errors in the online tax returns forms. The FBR received 1.2 million income tax returns for tax year 2020, according to an estimate. At least 1.7 million taxpayers have to comply with the obligation in the remaining five days.

“Internal server error is the message taxpayers see while filing their annual income tax returns at the IRIS portal of the FBR,” said a tax professional. “Every time the site is back they have to reenter data which are not saved.”

The last date for filing of tax return was September 30. The FBR extended the time up to December 8 as the return form was finalised on September 8. A three-month leeway after the final form is required under the law, according to the tax professionals.

Tax bars pointed out the issues in letters to the FBR in November. “But, to date the FBR has failed to resolve the issue,” said a tax consultant.

Pakistan Tax Bar Association (PTBA) and Karachi Tax Bar Association (KTBA) said the calculation errors are unaddressed. This is a major reason that a large number of taxpayers are unable to file returns and as the due date is approaching more number of taxpayers are attempting to file their returns, they informed the FBR.

Tax experts believe the online return form is still not finalised as there are calculation errors and other unavailable entry options. FBR should rectify problems in the return form and then notify the due date for filing the returns.

Social distancing orders led to limited working staff at the tax departments that also affected returns filing process, sources said.

Tax experts said the world is facing an extraordinary situation and the FBR should be adaptable to manage the problem and facilitate taxpayers.

It is the first time the FBR accepts the demand of the tax fraternity and allowed a three-month extension. No further date extension will be granted, according to the government officials.

The FBR has taken a major initiative to introduce a simple and single-page return form for small manufacturers having turnover less than Rs50 million. The draft return form was issued just 12 days ahead of the due date.

“It is not understandable that the manufacturers having less than Rs50 million turnover can file their return within available time left – 12 days which is humanly impossible,” said a letter to the FBR.

Tax practitioners are unanimous taxpayers and consultants may not be able to file their annual returns on time due to multiple reasons. The FBR has to extend the date. Otherwise, the lower number of return filers will be a big problem for the FBR itself especially presenting the number to the international lending agencies.

PTBA demanded the FBR to extend the date up to January 31. On the other hand, KTBA demanded to rectify problems in the online form and then provide time as per statute.